

INVITATION FOR BIDS (IFB) NO. 98-050
TO
FURNISH, DELIVER, INSTALL, AND MAINTAIN
DEC ALPHA SYSTEMS
ON A LEASE PURCHASE BASIS
FOR THE COMPUTING CENTER
UNIVERSITY OF HAWAII AT HILO
HILO, HAWAII

MAY, 1998

BOARD OF REGENTS
UNIVERSITY OF HAWAII
HONOLULU, HAWAII

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IT IS THE RESPONSIBILITY OF ALL BIDDERS TO CHECK THE TABLE OF CONTENTS TO CONFIRM THAT ALL PAGES LISTED THEREIN ARE CONTAINED IN THEIR BID PACKAGE.

BIDDER'S REMINDER:

Tax Clearance Certificate or OPPRM Form 128, CERTIFICATION FOR TAX CLEARANCE, (see Special Provisions).

NOTICE TO BIDDERS

BID FORMS for IFB No. 98-050, DEC Alpha Systems on Lease Purchase Basis, University of Hawaii at Hilo, will be available from and received in the OFFICE OF PROCUREMENT, PROPERTY AND RISK MANAGEMENT, UNIVERSITY OF HAWAII, 1400 LOWER CAMPUS ROAD, ROOM 15, HONOLULU, HAWAII 96822, (an unofficial copy of the IFB is available on the Internet at <http://www.state.hi.us/bids/notice01.htm>) and must be submitted no later than 2:30 p.m., May 21, 1998, and at that time will be publicly opened.

Bids received after the time and date fixed for opening will not be considered.

Vendors located outside the Island of Oahu, Hawaii, USA, may request an official copy of the IFB to be sent via U.S. Postal Service by providing the vendor's name, address, contact person and telephone number. If express shipment is desired, requests must be submitted in writing with an account number, BILLABLE TO THE RECEIVER, and an authorized signature. Requests may be transmitted via facsimile, (808) 956-2093. Direct all questions to Bruce Isaacs, (808) 956-8634.

Kenneth P. Mortimer
President, University of
Hawaii and Chancellor,
University of Hawaii at Manoa

Advertised: Honolulu Star-Bulletin
Issue of: May 7, 1998

NOTICE TO BIDDERS

OPPRM FORM 115

BUSINESS CLASSIFICATION CERTIFICATION STATEMENT

(See Official Document)

BID FORM
TO
FURNISH, DELIVER, INSTALL, AND MAINTAIN
DEC ALPHA SYSTEMS
ON A LEASE PURCHASE BASIS

Office of Procurement, Property
and Risk Management
University of Hawaii
1400 Lower Campus Road, Room 15
Honolulu, Hawaii 96822

To Whom It May Concern:

The undersigned has carefully examined the INVITATION FOR BIDS (IFB) NO. 98-050, TO FURNISH, DELIVER, INSTALL, AND MAINTAIN DEC ALPHA SYSTEMS ON A LEASE PURCHASE BASIS FOR THE COMPUTING CENTER, UNIVERSITY OF HAWAII AT HILO, HILO, HAWAII, and offers to furnish, deliver, install, and maintain the equipment for the University of Hawaii at Hilo, Computing Center, 200 West Kawili Street, Building 346, Room 16, Hilo, Hawaii 96720-4091, in strict accordance with the true intent and meaning of the Invitation for Bids (IFB) and shall complete delivery and installation within FORTY-FIVE (45) consecutive calendar days from the date designated in the Notice to Proceed, as follows:

The requested DEC Alpha systems equipment is required to replace and upgrade the department's existing Digital Equipment Corporation (DEC) VAX 6610 computer equipment; therefore, no substitutions will be accepted.

BASIC BID

Furnish, Deliver, Install, and Maintain DEC Alpha Systems as per Technical Specifications, based on a FOUR (4)-year lease purchase plan, with zero down payment, no pre-payment penalty, and with option to purchase, as follows:

PART 1 - LEASE COSTS FOR EQUIPMENT AND SOFTWARE

<u>Monthly Lease Cost</u>		<u>No. of Months</u>		<u>Annual Cost</u>
\$_____	X	12	=	\$_____
				(1st year)
\$_____	X	12	=	\$_____
				(2nd year)
\$_____	X	12	=	\$_____
				(3rd year)
\$_____	X	12	=	\$_____
				(4th year)

Part 1, Total Amount for 4-year lease = \$_____
Prices for Part 1 shall include interest and all applicable taxes.

PART 2 - MAINTENANCE COSTS

<u>Monthly Maintenance</u>		<u>No. of Months</u>		<u>Annual Cost</u>
\$_____	X	12	=	\$_____
				(1st year)
\$_____	X	12	=	\$_____
				(2nd year)
\$_____	X	12	=	\$_____
				(3rd year)
\$_____	X	12	=	\$_____
				(4th year)

Part 2, Total Maintenance Costs = \$_____

Prices for Part 2 shall include labor costs, travel time, applicable parts, and all applicable taxes.

PART 3 - FIRST YEAR ADDED COSTS

1. All Installation Costs, as per Technical Specifications. \$_____

2. All Transportation Costs. \$_____

TOTAL AMOUNT, PART 3, Items 1 through 2 = \$_____

Prices for Part 3 shall include labor costs, travel time, applicable parts, and all applicable taxes.

TOTAL COSTS

TOTAL AMOUNT PART 1 = \$_____

TOTAL AMOUNT PART 2 = \$_____

TOTAL AMOUNT PART 3 = \$_____

TOTAL COSTS, PART 1 + 2 + 3 = \$_____

Bidders must bid on all items in order to be considered for award.

AMORTIZATION SCHEDULE

With its bid, the Contractor shall provide an amortization schedule listing equipment purchase price (showing principal and interest) for each monthly period of the FORTY-EIGHT (48)-month lease period. There shall be no prepayment penalty if the University purchases the equipment before the end of the FORTY-EIGHT (48)-month lease period. Title to the equipment shall transfer to the University only if the University exercises the option to purchase, and all amounts have been fully paid.

TAX LIABILITY

Both out-of-state and Hawaii bidders are advised that the amount bid on this solicitation is subject to the general excise tax (currently 4%) imposed by Chapter 237, Hawaii Revised Statutes (HRS) and, if tangible property is being imported into the State of Hawaii for resale, the use tax (currently 1/2%) imposed by Chapter 238, HRS. (Refer to Tax Clearance in the Special Provisions and Taxes in the General Provisions.) Bidders are therefore cautioned to consider such taxes in formulating their bids since no adjustments to the prices bid shall be allowed.

BASIS FOR AWARD

The award of contract, if awarded, shall be made to the lowest responsive and responsible bidder on the **TOTAL COSTS FOR PART 1, PART 2, AND PART 3.**

NOTE TO BIDDERS

An acceptable bid must conform in all material respects to this Invitation for Bids. Any of the following may be grounds for disqualification:

1. Taking exception to any of the specifications, terms or conditions contained in the IFB.
2. Placing conditions on the furnishing of solicited goods or services.
3. Inclusion of a quotation or order form containing additional specifications, terms or conditions.
4. Referencing external documents containing additional specifications, terms or conditions.

Bidders are advised that bids are evaluated as submitted and requests by bidders to delete conditions contained in their bids after bid opening cannot be considered.

CERTIFICATION OF COMPLIANCE (for Part 2 - Maintenance)

The Certification of Compliance with the requirements of Section 103-55, Hawaii Revised Statutes, as specified in General Provision 2.8, Certification of Offeror Concerning Wages, Hours, and Working Conditions of Employees Supplying Services, is enclosed.

In the event that the undersigned is awarded this contract and its remittance address differs from the address shown on page BID - 6, please indicate remittance address below:

Street Address or P. O. Box

City State Zip Code

WAGE CERTIFICATE
(See Official Document)

SIGNATURE PAGE
(See Official Document)

CERTIFICATION FOR TAX CLEARANCE

(See Official Document)

TECHNICAL SPECIFICATIONS

This section indicates the Technical Specifications for the equipment required. The Technical Specifications listed herein are the minimum requirements and are mandatory for an accepted bid.

I. GENERAL INFORMATION

This Invitation for Bids is to solicit offers from vendors to furnish, deliver, install, and maintain a DEC Alpha Systems on a lease purchase basis.

The equipment is to be installed at the University of Hawaii at Hilo, Computing Center, located at 200 West Kawili Street, Building 346, Room 16, Hilo, Hawaii 96720. The main computer room is 3,568 square feet with dimensions of 51 feet by 74 feet, with door clearance dimensions 6.5 feet high by 2.7 feet wide. Power service available within the installation site is 208 volts, 60 Hz, three phase or 110 volts, 60 Hz, single phase.

The requested equipment will be used to replace and upgrade the department's existing Digital Equipment Corporation (DEC) VAX 6610 computer system to allow for the continued and planned expansion of support to users of the current administrative computing system. The primary software of the current system is Information Associates (IA) Student Information System (SIS).

II. EQUIPMENT SPECIFICATIONS

System 1:

- A. Must be able to operate using the DIGITAL OpenVMS OS.
- B. Memory for System may be substituted with an acceptable alternate.
- C. Hard disk drive may be substituted with an acceptable alternate.

<u>Item</u>	<u>Qty.</u>	<u>Part Number</u>	<u>Description</u>
1.	1	DY-54KHA-DA	AlphaServer 1200 5/533, OpenVMS, 256MB, 4.3GB, CD.
	1	SN-VRCX1-WA	21-inch monitor.
	1	PB2GA-JD	PowerStorm 3D10, PCI graphics.
	3	MS300-DA	256 MB memory.
	1	TZ88N-VA	20/40 GB StorageWorks DLT tape.
	1	BA356-KC	StorageWorks wide pedestal.
	1	PBXTL-DA	8GB DAT tape (mounted in system cabinet).
	1	KZPAA-AA	PCI SCSI controller.

<u>Item</u>	<u>Qty.</u>	<u>Part Number</u>	<u>Description</u>
1. (continued)			
	1	BN21N-02	Single ended to Fast/wide SCSI cable, 2 meter.
	4	DS-RZ1CB-VW	4.3 GB 7200 RPM StorageWorks ultra wide disk.
	1	KZPAC-CB	PCI 3 port RAID controller with 8 MB cache.
	1	QL-MT3AA-3B	OpenVMS concurrent use - 1-user license.
	1	QA-MTIAA-H8	OpenVMS media and documentation on CD-ROM.
	1	KFP5A-AA	PCI DSSI controller.
	1	KN307-DC	AS 1200 533 MHz CPU OpenVMS.
	1	KZPSC-UB	Cache battery-backup for KZPAC controller.
	1	BN37A-1E	1.5 m ULTRASCSI cable.
	2	BC29S-06	DSSI cable.
2.	1	DEL8X-AA	EtherWORKS switch 8T/TX.
3.	1	LG12S-AA	LG12plus text and graphics line matrix printer.
	1	LGXXR-LR	LG12 Series 100-yard OCR ribbon.
	1	DSTRP-AA	RapidPrint 500.

III. INSTALLATION AND ACCEPTANCE TESTING

1. Unpacking, installation, initial configuration and testing shall be performed on the University's site by the Contractor's personnel who shall be a DEC certified engineer with the UH-Hilo computer specialist present.
2. Acceptance testing shall be performed by the UH-Hilo computer specialist upon of the initial installation described in SPECIAL PROVISION 5, REMOVAL, DELIVERY, INSTALLATION, AND ACCEPTANCE OF EQUIPMENT.

IV. HARDWARE MAINTENANCE REQUIREMENTS

- a. Hardware Maintenance Service
 - 1) Hardware maintenance service shall include FOUR (4) years of system warranty/maintenance.
 - 2) Hardware maintenance service shall consist of preventive maintenance and on-call remedial maintenance. All maintenance service shall be prompt and effective and shall be performed by engineers trained, experienced, and certified by the manufacturer to work on the purchased equipment.

- 3) The Contractor shall perform maintenance service that will keep the equipment in optimum operating condition and perform repairs that will restore the equipment to working order. All maintenance and repairs shall be in accordance with manufacturer's guidelines, instructions, manuals, standards, and procedures. The Contractor will test and repair equipment at the University's installation site.
- 4) Preventive maintenance shall be based on the specific needs of individual equipment and shall also include on-call remedial maintenance. Contractor shall furnish all labor, tools, equipment, parts, transportation and supervision required for maintenance service of equipment. Maintenance shall include lubrication, adjustments, and replacement of worn or malfunctioning parts, all as deemed necessary in accordance with manufacturer's guidelines, instructions, manuals, standards, and procedures.
- 5) Maintenance parts shall be only original manufacturer's parts, either new or equivalent to new in performance and function.

b. Maintenance Service Period

The maintenance period of coverage required shall be EIGHT (8) hours a day, FIVE (5) days a week, including State-observed holidays.

c. Response Time

- 1) Prompt response to requests for maintenance service is mandatory. Contractor shall provide a telephone number to receive trouble calls and to provide a current status of calls referred for service. The telephone line must be open and be able to handle callers TWENTY-FOUR (24) hours per day, every day of the year. This telephone line shall be available at no charge to the University.
- 2) Telephone acknowledgment of all requests for service shall be made within ONE (1) hour from the time the service request is made. On-site response time shall be within FOUR (4) hours after a service call is placed.

d. Parts Availability

It is vital to the University that an adequate parts inventory be maintained locally by the Contractor in order to effectively repair equipment in the most

expeditious manner. The Contractor shall ensure that an adequate local spare and repair parts inventory will be maintained for all the equipment under the contract. This parts inventory must be stored geographically on the island of Oahu or Hawaii.

The Contractor shall allow the University to inspect their local inventory storage facility on a regular basis upon TWO (2) days notification. The visits shall include, but shall not be limited to, inspection and review of stock records, and inspection of physical stock inventory.

In the event that a failing component, assembly, or part is not available from the local parts inventory, the Contractor shall be required to ship the replacement component or part to Hawaii and deliver it to the University within TWENTY-FOUR (24) hours after identification for replacement. In the event that equipment is inoperative, or Contractor estimates equipment to be inoperative, for more than TWENTY-FOUR (24) hours due to equipment failure, the Contractor shall take one or more of the following actions at no additional cost to the University and subject to the University's approval:

- 1) Provide backup equipment;
- 2) Provide on-site personnel for thorough analysis of the problem; and
- 3) Provide replacement for the failing equipment.

When the system is operational but not fully functional, replacement of the failing component, assembly, or part must be at the University within TWENTY-FOUR (24) hours of identifying the need for replacement or repair.

The University will be the sole judge in determining if the system is not operational, or is operational but not fully functional. In all cases, Contractor shall provide equipment in the manner described herein.

All questions pertaining to the Technical Specifications shall be directed to Gary Nekoba, Computer Specialist, telephone (808) 974-7437.

Bidders are cautioned to review the Technical Specifications carefully and thoroughly. Objections to or requests for clarification of the specifications shall be made in writing in accordance with the General Provisions to the Office of Procurement, Property and Risk Management prior to the submittal of a bid. The submittal of a bid shall be considered as acceptance of the specifications as published.

SPECIAL PROVISIONS

1. SCOPE

The Furnishing, Delivering, Installing, and Maintaining of DEC Alpha Systems on a Lease Purchase Basis for the Computer Center, University of Hawaii at Hilo, shall be in accordance with the terms and conditions of IFB No. 98-050 and the General Provisions dated February 23, 1996 included by reference. Copies of the General Provisions are available at the Office of Procurement, Property and Risk Management, University of Hawaii, 1400 Lower Campus Road, Room 15, Honolulu, Hawaii 96822 or the General Provisions may be viewed at:
<http://www.state.hi.us/bids/notice03.htm>

2. TECHNICAL REPRESENTATIVE OF THE PROCUREMENT OFFICER (TRPO)

The Technical Representative of the Procurement Officer is Gary Nekoba, Computer Specialist, telephone (808) 974-7437.

3. SUBMITTAL OF TECHNICAL DATA

With their bids, bidders shall submit, in duplicate, manufacturer's literature or brochures with technical data and illustrations of the equipment being offered.

4. SITE INSPECTION

Each bidder shall visit the site and examine the conditions of same and be aware or satisfied as to physical condition and environment in relation to the terms and conditions of the bid specifications. No additional allowance will be granted because of lack of knowledge of such conditions. Bidders shall arrange for an appointment by calling the Technical Representative on any normal working day, Monday through Friday, after 9:00 a.m. but not later than 4:00 p.m.

5. REMOVAL, DELIVERY, INSTALLATION, AND ACCEPTANCE OF EQUIPMENT

Prior to removal, delivery, and installation, the Contractor shall contact the Technical Representative to coordinate the required work.

Contractor shall deliver and install the hardware and software in accordance with manufacturer's instructions within FORTY-FIVE (45) consecutive calendar days from the date designated in the Notice to Proceed. The equipment will not be accepted and no charges shall be paid by the University until the equipment has successfully met the University's Acceptance Test as specified below.

In addition to the above requirements, during the installation procedures, the Contractor shall perform all other diagnostic routines normally run on a system of this nature and turn the equipment over to the University in good working order which shall be defined as operating in accordance with manufacturer's specifications. The Contractor shall certify in writing to the University that the equipment has been properly installed in accordance with manufacturer's specifications and ready for use.

The Acceptance Test Period shall begin on the date designated by the University following notification that the installation is complete and shall end when the equipment has satisfactorily passed the University's acceptance test as defined herein by operating in conformance with the manufacturer's published performance specifications and capabilities and Program Documentation. The University shall complete its acceptance of the equipment within THIRTY (30) calendar days provided the equipment performs to specifications.

The University's acceptance test is the operation of its normal production workload for a period of THIRTY (30) calendar days without error.

Equipment shall not be accepted by the University and no charges will be paid by the University until the equipment has satisfactorily passed the acceptance test.

Upon successful completion of the Acceptance Test Period, the University shall notify the Contractor in writing of the University's acceptance of the installed equipment and authorize payments as provided herein.

6. MANUALS AND INSTRUCTIONS

The Contractor shall provide the University with operating and maintenance manuals of the equipment furnished under this contract.

7. TERM OF CONTRACT

- a. It is the intent of the University to lease the equipment on a lease-purchase plan covering a period of FOUR (4) years with no pre-payment penalty for accelerated payments or early completion of payments in full. The initial term of the contract shall be for a period of ONE (1) year commencing from the date of installation and acceptance of the equipment, and thereafter shall be renewed annually for a total of FOUR (4) years, contingent upon availability of funds. Should additional funds become available, the interest may be reamortized at the option of the University, and the payments and, if necessary, the terms shall be

adjusted accordingly. The University may terminate the contract in the event of nonavailability of funds in accordance with Chapter 37D, Hawaii Revised Statutes.

- b. In accordance with Chapter 37D, Hawaii Revised Statutes, it shall be strictly understood that the contract shall be enforceable only to the extent that funds have been certified as available and that the availability of funds in excess of the amount certified as available shall be contingent upon future appropriations.

8. PAYMENT

For the lease-purchase portion, the Contractor shall be remunerated monthly in advance, upon submission of a properly executed original invoice and ONE (1) copy, indicating the contract number, to the University of Hawaii at Hilo, Business Office, 200 West Kawili Street, Hilo, Hawaii 96720-4091.

For the maintenance service, the Contractor shall be remunerated monthly in advance, upon submission of a properly executed original invoice and ONE (1) copy, indicating the contract number. The invoice for the maintenance fee shall be sent to the address indicated above.

9. TITLE AND RISK OF LOSS OR DAMAGE

While on a lease basis, the equipment shall remain the exclusive property of the Contractor who shall bear any loss or damage to the equipment while in transit or in the possession of the University.

10. CHANGES TO EQUIPMENT

The University shall not make any changes or modifications to the equipment without the prior written consent of the Contractor. All changes or modifications to the equipment which cannot be removed without materially damaging the functional capabilities or economic value of the equipment, shall become a part of the equipment.

11. LIQUIDATED DAMAGES

Time being an essential part of this contract, in case of failure on the part of the Contractor to complete the delivery and installation within the time specified and agreed upon, liquidated damages per calendar day shall be ONE-HUNDRED DOLLARS (\$100.00) for each day's delay after the date agreed upon. The findings of the University shall be accepted by the parties hereto as final; but, any allowance of time and remission of charges shall, in no other manner, affect the rights and obligations of the parties under this contract.

12. WARRANTY

The equipment furnished shall be new and as specified. The Contractor shall warrant that all workmanship and materials of equipment furnished under this contract shall be guaranteed for a period of THREE (3) years from the date of acceptance. The Contractor shall replace and/or repair any defective workmanship and/or materials at no cost to the University during the period of warranty, provided such defects are not due to abuse or negligence on the part of the University.

13. SOFTWARE LICENSE AGREEMENTS

The University will execute Software License Agreements acceptable to the University, if necessary, as long as the terms and conditions of the License Agreements do not conflict with the terms and conditions of this Invitation for Bids. The University shall be protected from claims of copyright infringement not occasioned by University modification of the software.

14. COMPLIANCE WITH FEDERAL COMMUNICATIONS COMMISSION RULES

Computer equipment furnished herein must comply with the requirements (technical standard, labelling, emission limitations, etc.) , FCC Class B certification as stated in the Federal Communications Commission Rules.

15. SOFTWARE WARRANTY

In the event the software is not compatible with Licensees' computing equipment or does not perform as warranted by the manufacturer, Licensee reserves the right to return the software and request a refund therefor.

16. INSURANCE (for Maintenance Service)

Contractor shall maintain insurance acceptable to the University in full force and effect throughout the term of this contract. The policy or policies of insurance maintained by Contractor shall provide Combined Single Limit Coverage (bodily injury and property damage) in the amount of \$1,000,000 per occurrence.

Insurance shall be in force the first day of the term of this contract.

Each insurance policy required by this contract shall not be cancelled, limited in scope of coverage or non-renewed until after THIRTY (30) days' written notice has been given to the University of Hawaii, Director of Office of Procurement, Property and Risk Management.

Contractor agrees to deposit with University, on or before the effective date of this contract, certificates of insurance necessary to satisfy the University that the insurance requirements of this contract have been complied with and to keep such insurance in effect and the certificates therefor on deposit with the University during the entire term of this contract.

The University shall retain the right at any time to review the coverage, form, and amount of the insurance required hereby. If, in the opinion of the University, the insurance provisions in this contract do not provide adequate protection for the University, the University may require Contractor to obtain insurance sufficient in coverage, form, and amount to provide adequate protection. The University's requirements shall be reasonable but shall be designed to assure protection from and against the kind and extent of the risks which exist at the time a change in insurance is required.

The University shall notify Contractor in writing of changes in the insurance requirements; and if Contractor does not deposit copies of acceptable insurance policies with the University incorporating such changes within SIXTY (60) days of receipt of such notice, this contract shall be in default without further notice to Contractor and the University shall be entitled to all legal remedies.

The procuring of such required policy or policies of insurance shall not be construed to limit Contractor's liability hereunder nor to fulfill the indemnification provisions and requirements of this contract. Notwithstanding said policy or policies of insurance, Contractor shall be obligated for the full and total amount of any damage, injury, or loss arising from its acts or omissions with respect to this contract.

17. TAX CLEARANCE FOR CONTRACTS

In accordance with Section 103-53, HRS, bidders shall submit with their bid packages, original tax clearances from the State of Hawaii Department of Taxation and the Internal Revenue Service. In the event bidders are unable to obtain a tax clearance by mail in time to include it with their bid packages, bidders may submit a completed OPPRM Form 128, CERTIFICATION FOR TAX CLEARANCE, in place of the DOTAX Form A-6, with their bid packages. However, an original tax clearance must be provided before contract award. Tax clearances obtained shall certify that all tax returns due have been filed, and all taxes, interest, and penalties levied or accrued under the provisions of Title 14 that are administered by the State of Hawaii Department of Taxation and under the Internal Revenue Code against the bidder, have been paid. This shall apply to all contracts, whether with Hawaii bidders, out-of-state bidders, or nonprofit organizations.

This shall not apply to bidders if the State of Hawaii Department of Taxation certifies that the bidder is in good standing under a plan in which delinquent taxes are being paid to the State of Hawaii Department of Taxation (and the Internal Revenue Service, if applicable) in installments.

Offers that are not accompanied by original tax clearances or OPPRM Form 128, CERTIFICATION FOR TAX CLEARANCE, may be considered as non-responsive and may be rejected.

Any questions pertaining to tax clearances may be addressed to the following:

- a. Internal Revenue Service, Compliance Division - LTC
300 Ala Moana Boulevard, #50089
Honolulu, Hawaii 96850-4922
Telephone No.: (808) 541-1160
- b. Department of Taxation
State of Hawaii
Oahu District Office
P.O. Box 259
Honolulu, Hawaii 96808-0259
Telephone No.: (808) 587-4242
Toll-Free: 1-800-222-3229

18. TAX CLEARANCE FOR FINAL PAYMENT

General Provision 7.2 entitled Tax Clearance, is hereby deleted and shall be replaced by the following:

TAX CLEARANCE FOR FINAL PAYMENT

In accordance with Section 103-53, HRS, final payment for the settlement of the contract will not be made by the University until the Contractor has submitted to the University original tax clearances from the State of Hawaii Department of Taxation and the Internal Revenue Service. Tax clearance shall certify that all tax returns due have been filed, and all taxes, interest, and penalties levied or accrued under the provisions of Title 14 that are administered by the State of Hawaii Department of Taxation and under the Internal Revenue Code against the Contractor have been paid.

Notwithstanding Sections 40-57 and 40-58, HRS, if a Contractor fails to provide the original tax clearances within SIX (6) months of the notice of final settlement or completion date of the contract, the University shall assign the final settlement payment in an amount not to exceed the tax liability to the State of Hawaii Department of Taxation or Internal Revenue Service, provided that the State of Hawaii Department of Taxation may first offset its tax debt

against the sum owed to the Contractor. This shall apply to all contracts whether with Hawaii vendors, out-of-state vendors, or nonprofit organizations.

The foregoing shall not apply to the Contractor if the State of Hawaii Department of Taxation certifies that the Contractor is in good standing under a plan in which delinquent taxes are being paid to the State of Hawaii Department of Taxation (and the Internal Revenue Service, if applicable) in installments.

Any questions pertaining to tax clearances may be addressed to the following:

- a. Internal Revenue Service, Compliance Division - LTC
300 Ala Moana Boulevard, #50089
Honolulu, Hawaii 96850-4922
Telephone No.: (808) 541-1160
- b. Department of Taxation
State of Hawaii
Oahu District Office
P.O. Box 259
Honolulu, Hawaii 96808-0259
Telephone No.: (808) 587-4242
Toll-Free: 1-800-222-3229

19. LEASE AGREEMENT

Upon award, the attached Lease Agreement shall be executed by the parties and shall be incorporated into the contract between the successful Contractor and the University of Hawaii.